

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2021-080-00082R

Parcel No. NS0118601

Steven Findlay,

Appellant,

vs.

Ringgold County Board of Review,

Appellee.

Introduction

The appeal came on for written consideration before the Property Assessment Appeal Board (PAAB) on November 19, 2021. Steven Findlay was self-represented and asked that the appeal proceed without a hearing. County Attorney Clinton Lee Spurrier represents the Board of Review.

Caron and Steven Findlay own a residential property located at 713 South 25th Court, Ellston, Iowa. Its January 1, 2021, assessment was set at \$549,983, allocated as \$396,593 in land value and \$153,390 in dwelling value. (Ex. A).

Steven Findlay petitioned the Board of Review contending the property is assessed for more than the value authorized by law. Iowa Code § 441.37(1)(a)(1)(b) (2021). (Ex. C). He wrote on the line claiming inequity "Please see attached independent appraisal" and on the line indicating error "overvalued based on current and most recent conditions and comparable sales". The Board of Review denied the petition. (Ex. B).

Findlay then appealed to PAAB. Findlay marked the boxes for inequity and error, but his appeal form also references an attached appraisal. Because his plain statement and attached appraisal clearly asserts the property's assessment exceeds its fair

market value, we find Findlay has raised an over assessment claim. Iowa Code § 441.37(1)(a)(1)(b) (2021).

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code R. 701-126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

Findings of Fact

The subject property is a one-story home with a finished attic built in 1989. It has 1123 square feet of gross living area, a full walk-out basement with 700 square feet of living-quarters quality finish, a composite deck, a concrete patio, and an open porch. The improvements are listed in above-normal condition with average-quality construction (grade 4+00). The site is 0.520 acres with 165.25 effective front foot on Sun Valley Lake. (Ex. A).

Findlay submitted an appraisal completed by Julie Owen, Rally Appraisal, LLC, Bettendorf, Iowa. Owen has been appraising in the Sun Valley Lake area for 29 years. Owen developed the sales comparison approach, concluding a value opinion of \$385,000, as of April 2021. She concluded that the cost and income approaches to

value were not applicable to the assignment. She reported increasing property values, a shortage of supply, and three to six months of marketing time for the neighborhood.

Owen analyzed three sales in her sales comparison approach, which are summarized in the following table. (Ex. 1). The report indicates the properties were listed on the multiple listing service and their property records show a NUTC Code of “D0”, which indicates the sales are normal.¹ (Ex. I).

Address	Age in Years	Gross Living Area (SF)	Sale Date	Sale Price	Adjusted Value
Subject	32	1084	NA	NA	NA
1 – 1304 Walters Ave	17	1508	6/2020	\$425,000	\$406,580
2 – 1336 Cherri Lane	44	1008	7/2020	\$385,005	\$397,900
3 – 1320 Cherri Lane	42	1088	4/2020	\$350,000	\$344,240

Owen reports she measured the subject property and lists a gross living area of 1084 for the subject, slightly less than listed on the property record card. We ultimately find the slight difference immaterial.

Owen’s comparables bracket the subject property’s age, gross living area, site area, and final opinion of value. All three comparable sales are lake-front properties like the subject. They are all located within approximately 0.5 mile from the subject.

Owen’s unadjusted sale prices range from \$350,005 to \$425,000. After adjusting the comparables for differences, they indicate a range of value for the subject property between \$344,240 and \$406,580. The subject’s 2021 assessed value is greater than both of these ranges. Owen reconciled to a final opinion of value of \$385,000. (Ex. 1, p. 3).

The Board of Review was critical of Owen’s appraisal. First, it raises concerns with the fact the appraisal does not “meaningfully distinguish[] between the value of the dwelling and the value of the land itself.” While we understand assessors typically allocate value to land and buildings, PAAB’s ultimate concern is with the subject’s total value. See *Deere Manufacturing Co. v. Zeiner*, 78 N.W.2d 527, 530 (Iowa 1965); *White*

¹ Iowa Dep’t. of Revenue, Sale Condition Codes, <https://tax.iowa.gov/sites/default/files/2021-01/NUTCSalesConditionCodes-v5.pdf>.

v. Bd. of Review of Dallas Cnty., 244 N.W.2d 756 (Iowa 1976). The appraisal arrives at a total value for the property and we find the Board of Review's argument on this point lacks merit.

The Board of Review asserts Owen should have adjusted for differences between the subject and comparables, including house design, lake frontage, time, and view. We note the Board of Review wrongly states Owen failed to adjust for certain differences, like fireplaces, garages; the appraisal clearly shows adjustments for those differences.

It also asserts the appraisal should not be relied on because the effective date is different from the January 1 assessment date. (Ex. K). We note the sales pre-date the January 1 assessment date. While we understand the Board of Review believes time adjustments to those sales should be made, we do not find any merit in its assertion that the appraisal cannot be relied upon because the effective date does not match the assessment date.

The Board of Review submitted a list of 2020 improved property sales from Sun Valley Lake showing a median assessed-value-to-sale-price ratio of 85.21%. (Ex. E). Additionally, a similar ratio for lakefront only vacant lots at Sun Valley Lake showed a median of 82.48%. (Ex. F). The Board of Review believes this shows a trend of assessed values less than market. (Ex. K). Ultimately, we find this evidence largely irrelevant to a determination of whether the individual subject property is over assessed.

The Board of Review also submitted two sale grids that compared recent sales to the subject. The first grid relied on sales used in the Owen appraisal. (Ex. I). The second grid used sales offered by the assessor. (Ex. J). The six sales submitted by the Board of Review are summarized in the following table. (Exs. I & J).

Address	Effective Front Foot Lakefront	Age in Years	Gross Living Area (SF)	Sale Date	Sale Price	Adjusted Value
Subject	165.25	32	1084	NA	NA	NA
Sales from Owen Appraisal						
1 – 1304 Walters Ave	125.08	17	1508	6/2020	\$423,000	\$595,074
2 – 1336 Cherri Lane	90.40	44	1008	7/2020	\$385,005	\$598,515
3 – 1320 Cherri Lane	116.48	42	1088	4/2020	\$350,000	\$519,324
Sales from Board of Review						
4 - 1223 Frontier Rd	122.79	30	1700	9/2020	\$729,000	\$634,304
5 - 3146 Indian Point Dr	133.62	28	1260	7/2020	\$540,000	\$477,105
6 - 1326 Cherri Lane	107.35	25	1697	8/2020	\$540,000	\$559,922

Comparable 1 is the only sale with a finished attic area like the subject property. Comparables 2 and 3 have the same quality rating as the subject property. Comparables 1, 2, and 3 are more similar in gross living area, room count, and basement finish. We note Comparables 4 and 6 have approximately twice the finished area as the subject property, and Comparables 4 - 6 are higher in quality of construction and have more bedrooms.

All sales are adjusted for differences between them and the subject. We note the three comparables from the Owen appraisal are adjusted between \$100,064 and \$179,633 for effective front foot differences, and Comparable 1 receives an additional \$96,401 adjustment for being located on a narrow cove.

Based on our experience reviewing evidence of adjusted sales provided by assessors/boards of review and with no indication to show otherwise, we believe the adjustments are based on cost differences between the assessments of each property. As a result, we question whether these adjustments reflect market reactions.

More importantly, however, is the fact that without additional explanation the adjustments shown in Exhibits I and J are inconsistent. Comparables 1, 2, 3, 4, 5, and 6 are adjusted \$12.94, \$54.57, \$52.97, \$63.25, \$91.36, and \$76.74 per square foot for differences in main floor living area respectively. As an example, Comparables 1-3 have roughly similar amounts of main floor area, but the adjustments range from \$2691 to \$13,560. (Ex. I). Similarly, Comparables 4 and 6 differ in main floor area by 3 square feet, but their adjustments are \$54,900 and \$66,380 respectively. As another example

of inconsistencies, Comparables 4 and 5 have the same grade rating but their adjustments relative to the subject are not the same. A similar issue exists as it relates to condition adjustments. Additionally, Comparables 2 - 6 have no attic finish yet all are adjusted differently for this factor. (Ex. I & J).

Analysis & Conclusions of Law

Findlay claimed that the subject property is assessed for more than the value authorized by law. § 441.37(1)(a)(1)(b).

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(1)(b), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Soifer v. Floyd Cnty. Bd. of Review*, 759 N.W.2d 775, 780 (Iowa 2009) (citation omitted). If PAAB determines Findlay has established the grounds for his protest, then PAAB must make an independent determination of the property's correct value based on all of the evidence. *Compiano v. Polk Cnty. Bd. of Review*, 771 N.W.2d 392, 397 (Iowa 2009) (citations omitted).

In protest or appeal proceedings when the complainant offers competent evidence that the market value of the property is less than the market value determined by the assessor, the burden of proof thereafter shall be upon the officials or persons seeking to uphold such valuation. § 441.21(3)(b)(2) (2021). To be competent evidence, it must "comply with the statutory scheme for property valuation for tax assessment purposes." *Soifer*, 759 N.W.2d at 782 (citations omitted).

In determining market value, "[s]ales prices of the property or comparable property in normal transactions reflecting market value, and the probable availability or unavailability of persons interested in purchasing the property, shall be taken into consideration in arriving at market value." § 441.21(1) Using the sales price of the property, or sales of comparable properties, is the preferred method of valuing real property in Iowa. *Id.*; *Compiano*, 771 N.W.2d at 398; *Soifer*, 759 N.W.2d at 779 n. 2. "[A]bnormal transactions not reflecting market value shall not be taken into account, or shall be adjusted to eliminate the effect of factors which distort market value" §

441.21(1)(b). Abnormal transactions include, but are not limited to, foreclosure or other forced sales, contract sales, discounted purchase transactions, or purchases of adjoining land or other land to be operated as a unit. *Id.*

The first step in this process is determining if comparable sales exist. *Soifer*, 759 N.W.2d at 783 (emphasis added). If PAAB is not persuaded as to the comparability of the properties, then it “cannot consider the sales prices of those” properties. *Id.* at 782 (citing *Bartlett & Co. Grain Co. v. Bd. of Review of Sioux City*, 253 N.W.2d 86, 88 (Iowa 1977)). “Whether other property is sufficiently similar and its sale sufficiently normal to be considered on the question of value is left to the sound discretion of the trial court.” *Id.* at 783 (citing *Bartlett & Co. Grain*, 253 N.W.2d at 94).

Similar does not mean identical and properties may be considered similar even if they possess various points of difference. *Id.* (other citations omitted). “Factors that bear on the competency of evidence of other sales include, with respect to the property, its ‘[s]ize, use, location and character,’ and, with respect to the sale, its nature and timing. *Id.* (other citations omitted). Sales prices must be adjusted “to account for differences between the comparable property and the assessed property to the extent any differences would distort the market value of the assessed property in the absence of such adjustments.” *Id.* (other citations omitted).

Findlay submitted the Owen appraisal concluding an opinion of market value of \$385,000 for the subject property. The appraisal was developed with the sales comparison approach to value and complies with the statutory scheme. We find the Owen appraisal shifts the burden to the Board of Review to uphold its valuation.

The Board of Review asserts Owen’s adjustments for time, lake frontage, and view are missing from the appraisal and believes the appraisal therefore results in a below market valuation. For additional support, the Board of Review submitted three sales it selected and again adjusted the comparables for differences with the subject.

We conclude the Owen appraisal is the most credible evidence in the record of the subject’s market value as of the assessment date and modify accordingly. We find the comparables Owen selected are the most similar to the subject in the record. The comparables bracket most of subject’s features. Standing alone, we are not persuaded

the Board of Review's concerns with the Owen appraisal are so severe or meritorious to overcome its burden. While the Board of Review further attempted to meet its burden by making additional adjustments to the Owen sales and offering its own sales, the adjustments made were notably inconsistent so as to render the resulting adjusted values unpersuasive. Further, we note the Board of Review's adjustments are based on cost differences and we are not convinced they are reflective of market value.

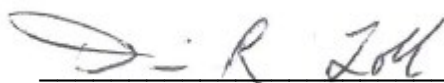
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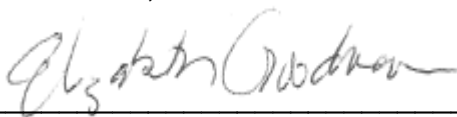
PAAB HEREBY MODIFIES the Ringgold County Board of Review's action and orders the subject property's January 1, 2021, assessment be set at \$385,000.

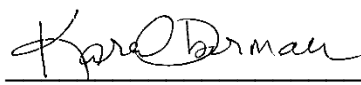
This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A.


Dennis Loll, Board Member


Elizabeth Goodman, Board Member


Karen Oberman, Board Member

Copies to:

Steven Findlay by eFile

Ringgold County Board of Review by eFile

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